

Press Release

Tchibo is Germany's strongest retail brand

BBDO Consulting presents a study on brand strength in the German retail sector / Tchibo is market leader / Aldi and Ikea take second and third place

Düsseldorf, 16 November 2007 – Tchibo, Aldi, Ikea and dm are Germany's strongest retail brands. In a ranking of 80 companies across all industry sectors compiled by international top management consultancy BBDO Consulting, Tchibo takes first place with a brand strength value of 7.62 (on a scale of 1 to 10), narrowly beating discount food retailer Aldi (7.54) and Swedish furniture retail chain Ikea (7.51) to the top spot. The other top-ten brands are chemist dm (4th place; 7.43), clothing retailer C&A (5th place; 7.37), Aldi's competitor Lidl (6th place; 7.32), book retailer Weltbild (7th place; 7.31), perfumery chain Douglas (8th place; 7.14), department store Kaufhof (9th place; 7.04) and Rossmann, another chemist (10th place; 7.01). The list is the outcome of a recent survey, "Retail brands in Germany – brand strength and brand image", which provides a comprehensive overview of the quality of commercial brand management in Germany. The data was compiled via an independent survey carried out with more than 2,000 individuals (over 16 years old) in September 2007.

The list by brand experts BBDO Consulting presents the first ever comprehensive analysis of the brand strength of German retail brands. The study doesn't merely take individual aspects such as price, range of products, atmosphere or customer satisfaction into consideration but is based on a multi-level model that evaluates brand strength from the customer's point of view. The strength of the brand is the result of two main components: brand presence and brand benefit. Brand presence is established via the consumer's awareness and clarity of image of a retail brand. Brand benefit, on the other hand, is based on emotive and practical components. The calculation of brand benefit takes into account the extent to which a company is liked and trusted as well as its uniqueness and how successfully it meets customer needs and wants.

Top 25 German retail brands by brand strength:

Ranking	Brand	Brand strength	Industry
1	Tchibo	7,62	Other
2	Aldi	7,54	Food retailer
3	Ikea	7,51	Furniture retailer
4	Dm	7,43	Chemist
5	C&A	7,37	Clothing retailer
6	Lidl	7,32	Food retailer
7	Weltbild	7,31	Book retailer
8	Douglas	7,14	Other
9	Galeria Kaufhof	7,04	Department store
10	Rossmann	7,01	Chemist
11	Plus	6,92	Food retailer
12	H&M	6,91	Clothing retailer
13	Penny Markt	6,87	Food retailer
14	Schlecker	6,85	Chemist
15	Kaufland	6,82	Food retailer
16	Edeka	6,82	Food retailer
17	Fielmann	6,80	Optician
18	Karstadt	6,73	Department store
19	Hussel	6,73	Other
20	Obi	6,73	DYI retailer
21	Deichmann	6,68	Shoe retailer
22	Fressnapf	6,66	Other
23	Media Markt	6,64	Electronics retailer
24	Esprit	6,57	Clothing retailer
25	Quelle	6,55	Mail order company

The results in detail

Top of the list is Hamburg-based brand Tchibo. In addition to selling coffee in over 1,000 stores nationwide, Tchibo offers its customers a new retail experience every week with different products ranging from clothing to household goods – a combination its customers perceive as unique. In this special way Tchibo thus succeeds in catering to the needs and wants of its customers. Unprompted customer comments such as “I look forward to Tuesdays” or “Tchibo offers much more than just coffee” not only reinforce their distinctive customer orientation but bear testimony to how much the brand is liked and trusted. These factors overall contribute to a strong brand benefit for the consumer. Tchibo’s large number of stores and their “store-in-store” concept coupled with significant media spend further strengthens its strong brand awareness. Thanks

to the continuity of its advertising messages and its distinct corporate identity, Tchibo also possesses one of the clearest commercial brand images in Germany. All these factors contribute to the outstanding position of the brand in the German market and corroborate its high customer rating in the brand strength rankings.

Although Aldi is the retailer with the strongest brand presence, narrowly beating direct competitor Lidl, it lost out on the top spot to Tchibo due to its weaker brand benefit value. With a winning combination of quality and constantly low prices, the company successfully caters to the needs of its customers and distinguishes itself clearly from the competition in its sector.

Swedish furniture giant Ikea comes in at number three in the ranking. The business principle of offering well-designed furniture at low prices is perceived as highly unique by German consumers and demonstrates a strong tendency towards meeting customer needs and wants.

High street chemist dm occupies fourth place, representing the brand with the highest benefit from the customer's point of view. This is no doubt a result of their "anthroposophical" business philosophy, which strongly defines the company and puts the person at the centre of all commercial activity. A wide product range at constantly low prices but, more than anything, the emotional added value offered to its customers ensure both emotional and rational satisfaction with dm's products and services. A perfect example of this is its free "baby bonus" scheme, offering new parents advice and small gifts for their newborn baby. An open, warm and light store design enables the customer to leave behind the humdrum of everyday life while enjoying great customer service from dm's competent and friendly staff. Customer associations such as "shopping here is fun", "I love dm" or "I only shop at dm" illustrate the reasons why the company ranks so highly in terms of likeability, trustfulness and customer orientation. However, dm could easily increase its brand presence among consumers and quite possibly move to the top of the ranking for brand strength as well if it were to expand its network of stores and increase its media spend.

Conclusion

The results of the study are evidence of the strong influence of brands in the retail industry. Strong brands play a significant role in the buying behaviour of consumers in that they create distinct retail outlet preferences and thus generate value for the individual retailer. The results also offer those companies in question a tangible starting point from which to improve the management of their brand. BBDO Consulting's brand experts primarily distinguish between three groups of retail brands:

- Brands that have both a strong presence and benefit are classed as “**power brands**”. This description applies above all to the top ten ranked brands.
- If a brand has a strong benefit, like book retailer Hugendubel, supermarket chain Tegut or furniture retailer Porta, but lacks national brand presence due to a primarily regional focus, it is described as a “**hidden champion brand**”.
- The third group constitutes the so-called “**low benefit brands**” like Real, Woolworths or Reno, who have a strong brand presence but offer the customer only limited benefits. BBDO Consulting recommends that these companies carry out an urgent review of their business strategy and brand positioning.

Quote

„For years, brand management in the German retail sector was considered less than important. Now a significant number of retailers recognise the extent to which a strong brand can contribute to business success. For retailers, an integrated approach to brand management is therefore hugely important”, says Dr. Thomas Schwetje, expert in retail brand management and project manager for the survey.

Survey methodology

The brand strength ranking of the 80 retail brands was established by means of an online questionnaire to more than 2,000 individuals (over 16 years old) across the country. The content of the survey covered brand strength (including awareness, clarity, customer orientation, likability, trustfulness, uniqueness, etc.) and image (including range of products, pricing, staff, atmosphere, etc.). The survey was carried out between the 20th and 27th of September 2007.

BBDO Consulting

BBDO Consulting is the top international management consultancy for market-oriented business management. Together with its clients, BBDO Consulting develops and implements strategies for market adaptation and translates them into tangible, behaviour-influencing principles and systems. International blue chip clients and market leaders have trusted its unparalleled expertise in the areas of strategic brand and customer management since the company's inception in 2000. BBDO Consulting builds upon the comprehensive know-how of its staff from both consultancy and industry. Excellent knowledge of local markets combined with a global outlook contributes to their success in offices in Düsseldorf, Johannesburg, London, Madrid, Moscow, Munich, Shanghai, Tel

Aviv and Zurich. BBDO Consulting is part of BBDO Worldwide, one of the leading international agency networks with over 290 offices in 77 countries.

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